



2006 GOVERNOR'S CONFERENCE



MISSION: POSSIBLE

Invent the Future



Economic and Community Development Traveling Incentive Team

Debbie Dietz - Tax Incentives

Sara Harlan - FastTrack Job Training Assistance
Program (FJTAP)

Philip Trauernicht - FastTrack Infrastructure
Development Program (FIDP)





FIDP - FastTrack Infrastructure Development Program


- **Streamlined grant application process (Formerly TIIP)**
- **Monies allocated to assist local governments**
- **Providing infrastructure to new/expanding industries**
 - **Water/Sewer/Gas/Electric**
 - **Transportation (Road & Rail)**
 - **Site Improvements/Drainage**
 - **Fiber-optics**
 - **Technology/Regional**





Funding Criteria

- **Number of jobs**
- **Quality of jobs**
- **Capital investment of company**
- **General company review**
- **Infrastructure needs**
- **Grant rate of the grantee**
- **Economic status of the county**
- **Three star level/incentive rate of the grantee**



Application/Approval Process

- Applications accepted any time of the year
- Must be submitted by County/Municipal Governments or other political subdivisions authorized to receive/expend funds
- Reviewed by Loan Officer, Loan Manager and Director
- Presented to Loan & Grant Committee for approval





Reasons for Delay in Process

- **JECDB (new requirements)**
 - A} 4 Board meetings annually
 - B} 4 separate Executive Committee meetings (MUST meet each quarter)
- **Lack of Company Information**
 - A} Number of Financials - 2 years past/3 years projection
- **Incorrect Company Information**
 - A} 5 year job creation - need 3 year commitment
- **Failure to Use “Current” Application (on-line/e-mail)**
- **Budget/Narrative Does Not Match PER**
- **Fire Protection Projects-Lack of Insurance Requirement Letter**





Implementation

- **State contract executed**
- **State and local public procurement procedures MUST be followed**
- **The maximum combined total of a FIDP/FJTAP grant is \$750,000 for any project**





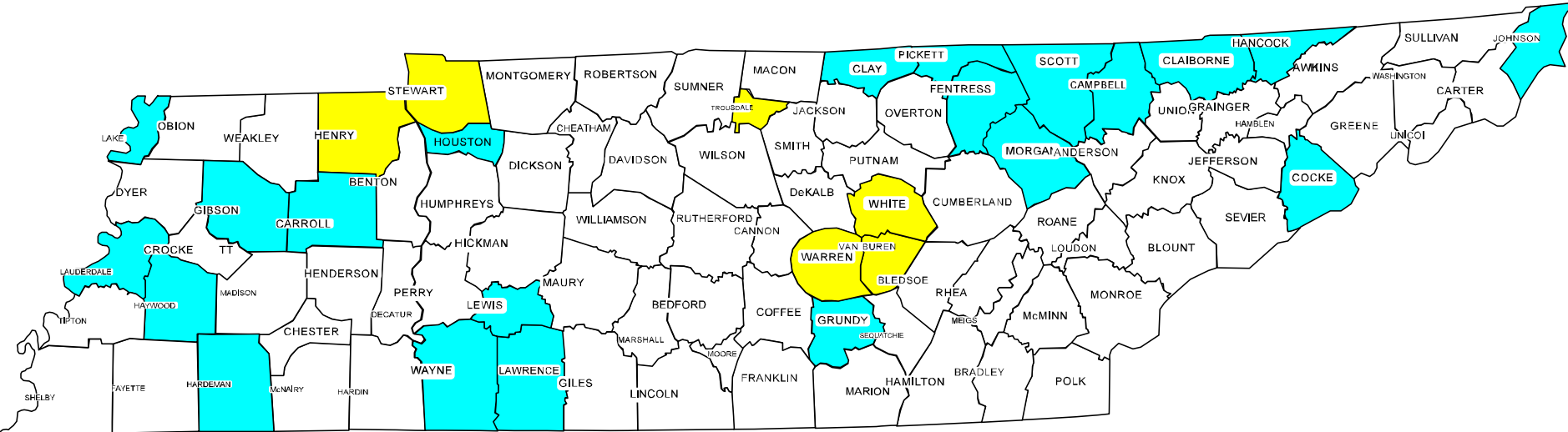
THREE-STAR PROGRAM INCENTIVES AND POINT SYSTEM

Incentives			
ECD	LEVEL I	LEVEL II	LEVEL III
Matching Grants - One (1) per Three-Star program	\$1,000	\$1,500	\$2,000
CDBG Points:			
City	2	2	2
County	5	5	5
Local Match (CDBG - FastTrack Infrastructure Development Program - DRA):			
City	-1	-2	-3
County	-3	-4	-5
CDBG Loan Limits (Counties described as economically distressed by ECD will remain at the \$750,000 loan limit)			
City	\$550,000	\$575,000	\$600,000
County	\$600,000	\$625,000	\$650,000
Energy	Energy Education - \$500 Loan Interest 2%	Change a Light - \$1,500 Loan Interest 2%	

Points required for Level Completion:

Level I	500
Level II	1,000
Level III	1,500

ECONOMIC STATUS OF TENNESSEE



ECONOMICALLY DISTRESSED COUNTIES: The 10 most disadvantaged counties in each of the following categories: 3 year average unemployment, per capita market income, or poverty rate.



COMMISSIONER'S DISCRETION: Any county not otherwise designated which exhibits substantial characteristics of economic distress such as major loss of employment, recent high unemployment rates, traditionally low levels of family incomes, high levels of poverty, and high concentrations of employment in declining industries.



Economically Distressed Counties Effective July 1, 2006

Campbell	Fentress	Haywood	Lauderdale	Scott	Wayne
Carroll	Gibson	Henry	Lawrence	Stewart	White
Claiborne	Grundy	Houston	Lewis	Trousdale	
Clay	Hancock	Johnson	Morgan	Van Buren	
Cocke	Hardeman	Lake	Pickett	Warren	



Additional Programs

- **Community Development Block Grants [CDBG]**
 - » **Community Development**
 - » **Economic Development**
- **Appalachian Regional Commission [ARC]**
- **Delta Regional Authority [DRA]**





Partners

- Tennessee Valley Authority {TVA}
- Tennessee Department of Transportation {TDOT}
- Department of Labor & Workforce Development
- Department of Environment and Conservation
- Local Governments/IDBs/JECDBs





- You can contact:

Your local ECD Office of Business Development
or any one of the
Traveling Incentive Team for more information.





Industrial Machine Credit

- *1% credit on the purchase price of qualified industrial machinery*
- *1% credit on telephone equipment and computer equipment purchased under the required capital investment for job tax credit*
- *1% credit on the purchase of material handling and racking systems for warehouse and distribution facilities meeting the required capital investment under the sales and use tax law*





Industrial Machinery Credit

- *Limited to 50% of excise tax liability with*
- *15 year carry forward*

2006 Legislation

- Expanded the credit to apply to Franchise Tax





Job Tax Credit

- ELIGIBLE BUSINESS
- 25 NET/NEW/FULL-TIME JOBS WITHIN FISCAL YEAR
- CAPITAL INVESTMENT OF \$500,000



Job Tax Credit [cont'd]

- \$2,000 PER JOB (\$4,500 PER JOB IN ECONOMICALLY DISTRESSED COUNTY)
- APPLIED TO BOTH FRANCHISE AND EXCISE TAX
- MAY BE CARRIED FORWARD 15 YEARS
- THE PERCENTAGE OF LIABILITY OFFSET FROM 33 1/3 TO 100 FOR EMPLOYMENT RANGING FROM 1,000 TO 5,000 MORE





Job Tax Credit

2006 Legislation

- ❖ **Modified JTC by establishing tiered criteria and benefits**
- ❖ **“Industrial wage job” defined as full-time employee job with wages equal to or greater than Tennessee’s average industrial wage for the month of January of the year during which the job was created**





Job Tax Credit [cont'd]

2006 Legislation

- ❖ **Capital investment over \$500 Million, creating at least 500 net new industrial wage jobs: \$5,000 per job per year for 12 years**
- ❖ **Capital investment over \$250 million, creating at least 250 net new industrial wage jobs: \$5,000 per job per year for 6 years**
- ❖ **Capital investment over \$100 million, creating at least 100 net new industrial wage jobs: \$5,000 per job per year for 3 years**





Job Tax Credit

2006 Legislation

- ❑ Amended Tenn. Code Ann. § 67-4-2109(c) to provide that JTC of \$4,500 for each net new full-time employee job if qualified business enterprise is located in a federally designated empowerment zone, invests a minimum of \$20 million and creates a minimum of 1,000 new jobs





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